KPMG Consulting

PUBLIC SERVICES

DON Planning, Programming, and Budgeting System (PPBS) Business Process Review

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Purpose

- **Provide overview of ongoing PPBS Business Process Review being performed as part of DON HQ FYDP Improvement project**

- **Solicit feedback from claimant perspective**

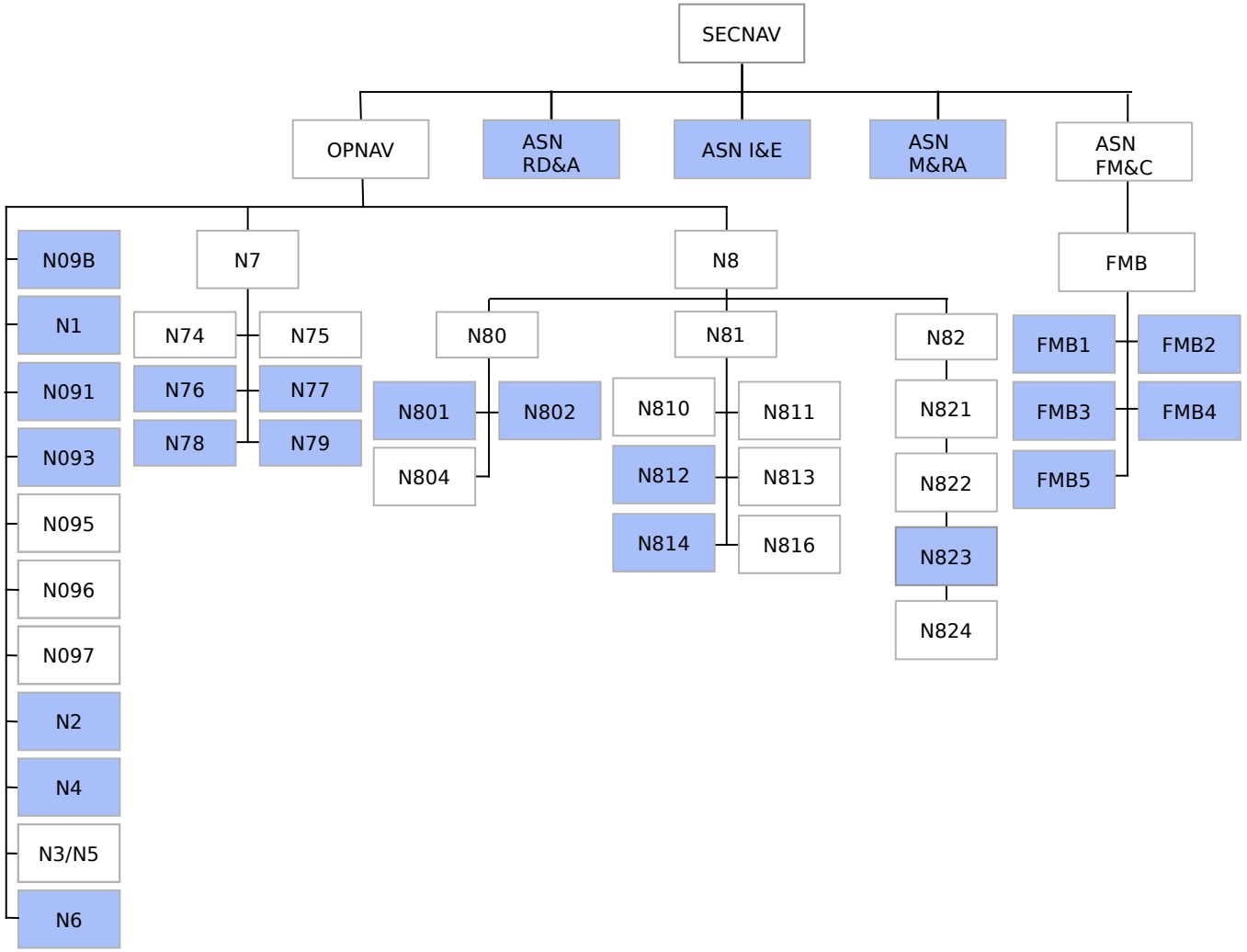
Background

- **DON FYDP Improvement Project**
  - DOD directed project to examine DON PPBS process and recommend constructive changes to reduce workload, improve data management and increase analytical capability
  - Comprised of 3 initiatives:
    - PBIS (Programming and Budgeting Information System) development
      - Replace WINPAT (programming) and NBTS (budgeting) systems
    - PE (Program Element) Restructuring
      - Better align PEs with Budget Line Items
    - Business Process Review and Analysis
      - Develop process related improvements

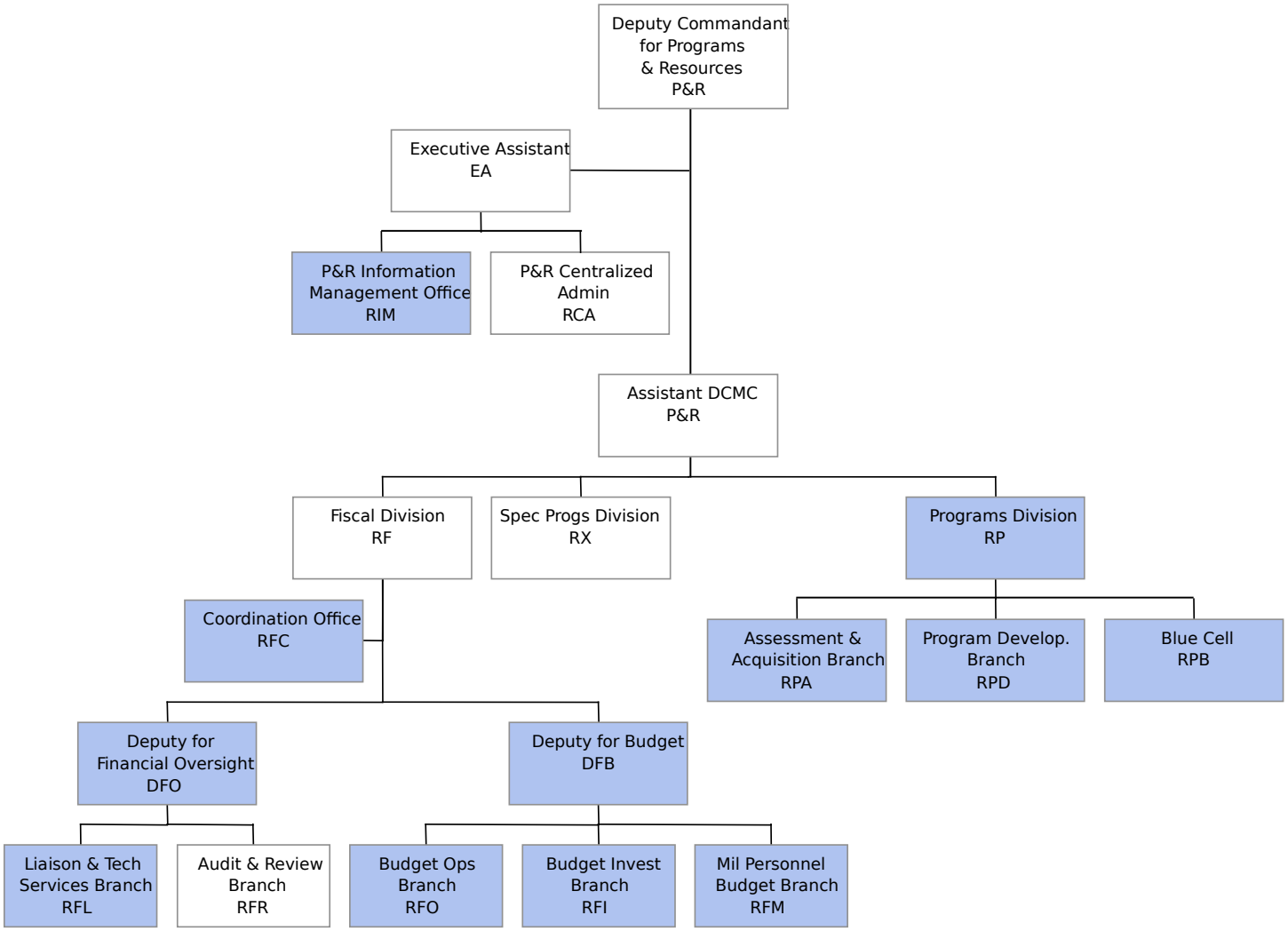
Business Process Review Efforts

- **PPBS As-Is process model development**
  - Top-down approach
  - Based on IDEF0 methodology
  - Over 100 Subject Matter Experts contacted
  - Over 50 working group meetings conducted
- **Information system architecture mapping**
  - High-level mapping of HQ PPBS information systems and interfaces
- **Functional Audit of WINPAT and NBTS systems**
  - Detailed matrix of system functionality
- **Catalogue of performance improvement opportunities**
  - Derived from model development, SMEs, and functional audit

As-Is Scope (Who we've talked to)



As-Is Scope (USMC)


Deputy Commandant for Programs & Resources P&R
Executive Assistant EA
P&R Information Management Office RIM
P&R Centralized Admin RCA
Assistant DCMC P&R
Fiscal Division RF
Spec Progs Division RX
Programs Division RP
Coordination Office RFC
Assessment & Acquisition Branch RPA
Program Develop. Branch RPD
Blue Cell RPB
Deputy for Financial Oversight DFO
Deputy for Budget DFB
Liaison & Tech Services Branch RFL
Audit & Review Branch RFR
Budget Ops Branch RFO
Budget Invest Branch RFI
Mil Personnel Budget Branch RFM

As-Is Process Observations

- **Business Process Review and Analysis resulted in:**
  - 43 specific performance improvement observations
- **Observations assessed by Importance and Feasibility**
  - Importance / Feasibility Matrix
  - Result = 19 specific observations assessed as having relatively high Importance and Feasibility
- **19 Observations further refined down to 7 Focus Areas**
  - Based on SES level steering committee review

DON HQ Performance Improvement Focus Areas

1. **OSD/External PPBS Reporting**
   - Time consuming; inconsistent sources
2. **Information Sharing Across PPBS phases**
   - Reluctance to share information; stovepiped organizations
3. **Audit Trails Within PPBS process**
   - Localized information systems and processes
4. **Data Comparison Across PPBS**
   - Inability to track common data; PE – Line item disconnect
5. **Performance Measurement**
   - Strategy to Budget disconnects; GPRA implications
6. **Manpower Programming and Budgeting**
   - Information contained in multiple systems; manual data manipulation
7. **Timing Disconnects**
   - Process takes too long; 18 months from Planning to Budget

PPBS NAVAIR Feedback Process

- **Conducted three one-hour feedback sessions to discuss FYDP Improvement Process**
  - FYDP Improvement Process Overview
  - PPBS Business Process Review
- **NAVAIR Feedback Process**
  - 15 Participants from across NAVAIR from 10.0 and 7.8 competencies
    - PEOs
    - Comptroller
    - Field
- **Solicited NAVAIR feedback regarding**
  - DON HQ Focus Areas
  - Additional NAVAIR issues with PPBS
  - Potential improvements to PPBS

NAVAIR PPBS Observations

- Poor communication between comptroller offices and Resource Sponsors
- Short-fuse decisions and last-minute deadlines have negative impact
- Claimants have poor visibility into Defense Planning Guidance and Resource Sponsor programmatic decisions
- Claimants spend a large amount of time and resources responding to repetitive FMB questions
- NWCF adjustments are not aligned with changes in the APF budget, so the two become out-of-sync
- Process is “too adversarial.” For example, Resource Sponsors keep close-hold on their information until the last minute
- Large portion of the budget doesn’t really change much from year-to-year, yet a lot of effort is still expended to develop the entire budget
- Justification of POM adjustments is lacking in detail
- PPBS process is not structured to efficiently handle operational contingencies and emergent requirements

NAVAIR PPBS Observations
(continued)

- Cost savings built into the budget from efficiency initiatives (A76, etc.) are not always realized, causing major programmatic changes at inopportune times
- There appears to be bottlenecks within FMB during the budget review. Many decisions are made by few people
- Decisions at DON HQ level appear to be made on a cost basis only. No emphasis is placed on the overall ‘business case’
- Decisions are made without a full understanding and accounting of all upstream and downstream impacts
- Poor feedback from RSs and FMB regarding reasoning behind resource decisions

Potential Solutions

- Revisit purpose and extent of Navy-level budget review
- Increase communication among FMB, RSs, and claimants (comptrollers and program offices) & involve them earlier in the process
- Perform POM and budget development concurrently
- Examine best way to leverage existing ERP data at DON HQ level
- Make tough budget decisions early in the process, instead of waiting until the last minute
- Improve consistency between appropriation-line item data structure at DON HQ and claimant level budget structure (e.g. project unit level)
- Build more flexibility into existing policies for use of appropriations
- Standardize the POM & Budget development process – for example standardized budget exhibit templates & data calls
- FMB budget analysts should also consider out-year impact to budget decisions

Potential Solutions (continued)

- Perform automated ‘pulls’ of information and answers to questions. Perception is that DON HQ has access to information yet still issues many data calls
- Treat individual appropriations differently – for example O&M,N
- Align all budgets with specific products rather than with appropriations
- Need to complete the appropriated fund budgets before starting development of the WCF budgets rather than doing them at the same time
- Fix the process for allocating undistributed marks

Next Steps

- **Solicit input from additional Budget Submitting Offices (claimants) and other PPBS stakeholders**
- **Develop performance improvement alternatives**
  - Leverage PBIS development and PE restructuring
  - Examine concurrent Programming and Budgeting
  - Include BSO perspective and input
- **Validate alternatives**
- **Implement performance improvement solutions**